

## **HIGH SCHOOL CORE AREA**

### **Economics**

**Standard ECON-4:** The student will demonstrate an understanding of personal economic decision making to maximize the net benefits of personal income.

**ECON-4.1** Summarize types of personal economic decisions and choices that individuals make, including determining how to budget money; establishing short- and long-term financial goals and plans related to income, saving, and spending; utilizing loans and credit cards; and considering investment options. (E)

**Taxonomy Level:** B 2 Understand /Conceptual Knowledge

#### **Previous/future knowledge:**

In Kindergarten (K-6.3) students matched descriptions of work to the names of jobs in the school and local community, in the past and present, including jobs related to safety. In first grade (1-6.1, 1-6.3) students explained the concept of scarcity and the way it forces individuals and families to make choices about which goods and services to obtain, along with identifying ways that families and communities cooperate and compromise in order to meet their needs and wants.

In second grade (2-2.3, 2-2.4) students summarized the roles of various workers in the community and summarized changes that have occurred in the life of the local community over time, including changes in the use of the land and in the way that people earn their living there.

In fourth grade (4-5.2, 4-5.6) students explained the motives for the exploration in the West and the push for westward expansion, including the concept of manifest destiny, economic opportunities in trade, and the availability of rich land. Students also compared the experiences of different groups who migrated and settled in the West, including their reasons for migrating, their experiences on the trails and at their destinations, the cooperation and conflict between and among the different groups, and the nature of their daily lives.

#### **Future Knowledge**

While no future knowledge is required, students must have a basic foundation in personal finance and basic budgeting skills. Financial fitness is a life-skill that students must be introduced to in order to make competent, rational choices about many different personal and work related issues that they will face throughout their lives. Further, students must generally understand the role of incentives and long-run tradeoffs in their spending and saving decisions.

**It is essential for students to know**

Students must know the definitions of both scarcity and opportunity cost. They must also understand personal examples of both. Students should also understand marginal cost/marginal benefit when applied to personal decision making and understand personal examples of this process.

In addition, students should be exposed to simple budgeting examples and understand the tradeoffs associated with saving and investing money. They should further understand the different types of consumer decisions that require both short and long-term savings. Students must also understand the basics of taking a loan. They should further understand that credit cards are one type of loan and recognize the definitions of simple and compound interest. Students must also understand the basic tradeoffs between popular investment choices like, savings accounts, CD's, and stocks.

**It is not essential for students to know**

Students do not need to know how to buy a car or home. They also do not need to understand the characteristics and associated risks of all investment vehicles.

**Assessment guidelines:**

Appropriate assessment requires students to *summarize* the different types of personal economic decisions that individuals make; therefore, the primary focus of assessment should be to *construct* simple budgets to clearly *understand* the tradeoffs people make on a daily basis. However, appropriate assessments should also require students to *compare* and *contrast* different savings and investment options and to *clarify* the importance of both short and long-term savings goals.